

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the matter of)	
)	
2002 Annual Access Tariff Filings)	WCB/Pricing 02-12
)	

Order

Adopted: July 1, 2002**Released: July 1, 2002**

By the Deputy Chief, Pricing Policy Division:

I. INTRODUCTION

1. Price cap local exchange carriers (LECs) and certain LECs subject to rate-of-return regulation are required by sections 69.3(h) and 69.3(f)(1) of the Commission's rules to file revisions to their interstate tariffs to become effective July 1, 2002.¹ In addition, several rate-of-return LECs that are subject to section 61.39 of the rules² and that file their own common line tariffs filed tariffs to reflect rule modifications made in the *Rate-of-Return Access Charge Reform Order* that became effective on July 1, 2002.³ These LECs filed their tariff transmittals on June 17, 2002, June 25, 2002, or June 28, 2002, as reflected in Appendix A. On June 24, 2002, AT&T Corporation, General Communication Inc. (GCI), and WorldCom, Inc. filed petitions to suspend and investigate a number of these tariffs.⁴ On June 28, 2002, nine LECs

¹ 47 C.F.R. §§ 69.3(h) and 69.3(f)(1). In order to accommodate the filing of tariff revisions under section 204(a)(3) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a)(3), the usual effective date for these tariffs of July 1 was modified to July 2 this year because of the weekend schedule in June and July 2002. *July 2, 2002 Annual Access Charge Tariff Filings*, WCB/Pricing 02-12, Order, DA 02-970 (rel. April 26, 2002).

² 47 C.F.R. § 69.39.

³ *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Second Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 19613 (2001) (*Rate-of-Return Access Charge Reform Order*). Those modifications, applicable to all LECs subject to rate-of-return regulation include: (1) the increase of the residential and single-line business subscriber line charge (SLC) cap to \$6.00; (2) the change in how the carrier common line (CCL) rate is calculated; (3) the change in the allocation of general support facility (GSF) costs to the billing and collection category for those companies that use general purpose computers to provide billing and collection services; and (4) the introduction of the new interstate common line support (ICLS) universal service support program.

⁴ AT&T Corp. Petition, WCB/Pricing 02-12 (filed June 24, 2002) (AT&T Petition); General Communication, Inc. Petition to Suspend and Investigate, WCB/Pricing 02-12 (filed June 24, 2002) (GCI Petition); WorldCom, Inc. Petition to Suspend and Investigate, WCB/Pricing 02-12 (filed June 24, 2002) (WorldCom Petition).

filed replies to the petitions.⁵

2. In this Order, we suspend for one day and set for investigation the 2002 annual access tariffs of ACS of Anchorage, Inc., the National Exchange Carrier Association (NECA), VALOR Telecommunications Enterprises, LLC, and Virgin Islands Telephone Corporation (Vitelco).

II. DISCUSSION

3. The LECs' annual tariff filings are largely compliant with Commission rules. Nevertheless, certain tariff filings require further inquiry. We find that, in their petitions to suspend and investigate the LECs' 2002 annual access tariffs, AT&T, GCI, and WorldCom raise substantial questions of lawfulness that warrant investigation.

4. *NECA.* AT&T and WorldCom question whether NECA correctly forecasts its minutes-of-use demand projections.⁶ WorldCom questions NECA's projections of access lines and future demand, and alleges that NECA overstates its revenue requirement.⁷ WorldCom also questions NECA's use of special studies to develop rates for advanced services, while using a residual revenue requirement to develop rates for DS1 and other special access services.⁸

5. *Other Rate-of-Return Carriers.* GCI questions whether ACS correctly calculates demand for all switched access rate elements.⁹ AT&T questions whether Vitelco correctly forecasts its cash working capital revenue requirements and whether Vitelco correctly assigns a portion of general support facilities (GSF) investment to the billing and collection category, as required by the *Rate-of-Return Access Charge Reform Order*.¹⁰

6. *Price Cap Carriers.* AT&T questions whether VALOR's stated lower formula exogenous cost adjustment (LFA) is correct.¹¹ AT&T also questions whether VALOR correctly computes the LFA originally included in its 2001 annual access filing, which must now be removed from its 2002 filing.¹²

⁵ ACS of Anchorage, Inc. Opposition to Petitions to Suspend and Investigate, WBC/Pricing 02-12 (filed June 28, 2002); CenturyTel, Inc. Opposition to Petition of AT&T Corp., WBC/Pricing 02-12 (filed June 28, 2002); Citizens Telecommunications Companies and Frontier Telephone of Rochester Reply to the Petition of AT&T Corp., WCB/Pricing 02-12 (filed June 28, 2002); Illinois Consolidated Telephone Company Opposition to Petition to Suspend and Investigate, WBC/Pricing 02-12 (filed June 28, 2002); National Exchange Carrier Association Reply, WCB/Pricing 02-12 (filed June 28, 2002); Roseville Telephone Company Reply to Petition of AT&T Corp., WCB/Pricing 02-12 (filed June 28, 2002); Southwestern Bell Telephone Company Reply, WBC/Pricing 02-12 (filed June 28, 2002); Valor Telecommunications Enterprises, LLC Reply to AT&T's Petition to Suspend and Investigate, WBC/Pricing 02-12 (filed June 28, 2002); Virgin Islands Telephone Corporation Reply, WCB/Pricing 02-12 (filed June 28, 2002).

⁶ AT&T Petition at 4-6; WorldCom Petition at 2-4.

⁷ WorldCom Petition at 2.

⁸ *Id.* at 3-5.

⁹ GCI Petition at 2-9.

¹⁰ AT&T Petition at 6-9.

¹¹ *Id.* at 9-10.

¹² *Id.* at 11-12.

7. After reviewing the petitions against the tariff, we conclude that substantial questions of lawfulness exist that warrant further investigation of certain of the 2002 annual access tariffs. We accordingly suspend the 2002 annual access tariffs of ACS, NECA, VALOR, and Vitelco. The specific issues that will be the subject of the investigation will be identified in an upcoming designation order and may include, but not be limited to, the issues identified in paragraphs 4-6, *supra*. We may also, by order, identify discrete issues that do not warrant further investigation.

III. *EX PARTE* REQUIREMENTS

8. This investigation is a permit-but-disclose proceeding and is subject to the requirements of section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), as revised. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one- or two-sentence description of the views and arguments presented is generally required.¹³ Other rules pertaining to oral and written presentations are also set forth in section 1.1206(b).

IV. ORDERING CLAUSES

9. ACCORDINGLY, IT IS ORDERED that, pursuant to sections 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the 2002 annual access tariffs of ACS of Anchorage, Inc., the National Exchange Carrier Association, VALOR Telecommunications Enterprises, LLC, and Virgin Islands Telephone Corporation ARE SUSPENDED for one day and an investigation IS INSTITUTED.

10. IT IS FURTHER ORDERED that each local exchange carrier required to suspend its tariff revision for one day pursuant to this order MAY FILE a supplement advancing the currently scheduled effective date to July 1, 2002, and then SUSPEND its tariff revision for one day, until July 2, 2002. For this purpose, we waive sections 61.58 and 61.59 of the Commission's rules, 47 C.F.R. §§ 61.58, 61.59.

11. IT IS FURTHER ORDERED that, pursuant to sections 4(i) and 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i) and 204(a), and pursuant to the authority delegated by sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, ACS of Anchorage, Inc., the National Exchange Carrier Association, VALOR Telecommunications Enterprises, LLC, and Virgin Islands Telephone Corporation SHALL KEEP ACCURATE ACCOUNT of all amounts received that are associated with the rates that are subject to this investigation.

12. IT IS FURTHER ORDERED that each local exchange carrier required to suspend its tariff revisions pursuant to this order SHALL FILE a supplement within five business days from the release date of this order reflecting the suspension. Carriers should cite the "DA" number on the instant order as the authority for the filings.

13. IT IS FURTHER ORDERED that the petitions to suspend and investigate or to

¹³ See 47 C.F.R. § 1.1206(b)(2), as revised.

reject the 2002 Annual Access Tariff Filings filed by AT&T Corporation, General Communication Inc., and WorldCom, Inc. ARE GRANTED to the extent indicated herein and otherwise ARE DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Jeffrey H. Dygert
Deputy Chief, Pricing Policy Division
Wireline Competition Bureau

APPENDIX A**AFFECTED TARIFF FILINGS****Issued June 17, 2002:**

ACS of Anchorage, Inc.	Transmittal No. 11	Tariff FCC No. 1
National Exchange Carrier Association	Transmittal No. 939	Tariff FCC No. 5
VALOR Telecommunications Enterprises, LLC	Transmittal No. 18	Tariff FCC No. 1
Virgin Islands Telephone Corporation	Transmittal No. 48	Tariff FCC No. 1

Issued June 25, 2002:

VALOR Telecommunications Enterprises, LLC	Transmittal No. 19	Tariff FCC No. 1
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Issued June 28, 2002:

National Exchange Carrier Association	Transmittal No. 941	Tariff FCC No. 5
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